MANAGING METROPOLITAN GROWTH: REFLECTIONS ON THE TWIN CITIES EXPERIENCE

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I. INTRODUCTION: MANAGING METROPOLITAN GROWTH PRAGMATICALLY

Many debates about whether and how to manage urban growth on a metropolitan or regional level focus on the extremes of laissez-faire capitalism and command-and-control government regulation. This paper proposes an alternative, or "third way," of managing metropolitan growth, one that seeks to steer in between the two extremes, focusing on a pragmatic approach that acknowledges both the market and government policy.

Laissez-faire advocates argue that we should leave growth to the markets. If the core cities fail, it is because people don't want to live, shop, or work there anymore. If the first ring suburbs decline, it is because their day has passed. If exurban areas begin to choke on large-lot, septic-driven subdivisions, it is because that is the lifestyle that people individually prefer. Government policy should be used to accommodate these preferences rather than seek to shape any particular regional growth pattern.

Advocates on the other side call for a strong regulatory approach. Their view is that regional and state governments should use their power to engineer precisely where and how local communities should grow for the common good. Among other things, this approach calls for the creation of a strong—even heavy-handed—regional boundary that restricts urban growth to particular geographical areas. Government power should be used to punish local communities for "bad growth". Under this scenario, the demands that lead to sprawl are strictly constrained and development is forced back in to central cities and older suburbs, no matter the market's desires.

Both these arguments present a far too simplified view of how the dynamics of regional growth really work. Market forces are not freely at work in every development decision, because political pressure can shape those decisions and because not all areas in a region are able to able to compete equally. And even when strict regulation can be put into place, it is not always comprehensive or politically sustainable over the long term. Nor is there convincing evidence that the market will always respond accordingly in such a rigid system.

In fact, both the market forces and the policy dynamics associated with metropolitan growth are much more subtle than either of these two extreme arguments suggest. And so metropolitan growth must be approached with a set of tools that recognizes market reality—but acknowledging that government policy also plays a role in setting up the market.

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The laissez-faire argument fails to take into account the fact that government policy will inevitably shape metropolitan growth, whether consciously or unconsciously. As a previous Brookings paper argued, there are at least three different sets of government policies that affect the shape and pattern of metropolitan growth—land use policy, infrastructure investment policy, and open space protection policy (Pendall et al, 2002). No matter what the market wants on a regional basis, the land use policies of cities and counties are continually attracting, deflecting, and shaping growth on a micro level. Similarly, the shape and capacity of the transportation system, the water system, and the wastewater system direct or encourage growth to move into particular areas. And open space protection policy pushes growth away from other areas by removing some undeveloped land from the marketplace. In short, the market does not operate unfettered; rather, market options are shaped by these policy levers.

At the same time, however, it is very difficult to sustain long-term and widespread political support for a strong system of regional planning that seeks to coordinate all these policy levers from one central location. Only a handful of metropolitan areas in the nation have ever even attempted to do so, and usually those powerful regional agencies have been subject to ongoing political attack and/or they have not been able to sustain a consistent strategy over the long term.

The Portland, OR metropolitan area is often cited as a model of centralized regional planning, with a strong state land-use law that requires regional urban growth boundaries, and an elected regional body that coordinates growth.[2] However successful it might be in Portland, however, Oregon's land use system has come under frequent political attack—it has barely survived several ballot initiatives to dismantle or undermine it—and in 30 years it has never been successfully replicated in any other metropolitan area. In most regions, the tradition of home rule is too strong, and a centralized policy does not acknowledge the different character of a constellation of urban, suburban, and rural communities.

Acknowledging that neither a pure market nor a pure regulatory approach can be sustained at the regional level, this paper seeks to outline an alternative, "third way" toward managing metropolitan growth. This third way takes into account the subtle interplay of market forces and governmental policies, and works to blend the two in a politically sustainable way. The paper uses the recent experience of the Metropolitan Council in Minneapolis-St. Paul—and the policies contained in that region's newly adopted "Blueprint 2030" development framework—as an example.

Especially in difficult fiscal times, it is easy to fall back into a divisive and even ideological debate over whether and how to shape the patterns of metropolitan growth. Market advocates often use a down economy to argue that government regulation is preventing economic recovery; while regulatory advocates often argue that central regulation creates efficiencies that are cost-effective. We believe that taking a third way approach is a more economically *and* politically sustainable way

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[2] Metro is a directly elected regional government that serves three counties, and the 24 cities in the Portland, OR metropolitan area.

to managing metropolitan growth in ways that are responsive to the market, good for communities, and cost-effective as well.

II. THE THREE POLICY DRIVERS OF METROPOLITAN GROWTH

Over the past 20 years, the question of how to create and maintain regional boundaries to manage metropolitan growth has become a significant topic of discussion in planning policy circles throughout the United States (Pendall et al, 2002). However, most of the discussion has revolved around the specific mechanism of an urban growth boundary (UGB). In particular, the debate has focused on where the boundary should be and what regional regulatory or investment mechanism should be used to enforce it. The vast majority of policy discussion has involved the UGB in metropolitan Portland, which is maintained by regulatory mechanisms put into place by the state of Oregon (Staley 1999; Nelson 2002).

However, centralized regional systems are not likely to prevail—or perhaps even be effective—in a nation where decentralized control of land use is a treasured prerogative.

Furthermore, as some policy commentators have suggested, the regional conversation about where the boundary goes is just as important as the boundary itself (Calthorpe 2001). No matter whether a regional agency has centralized power to determine the location of infrastructure or of future growth, a regional strategy is not likely to be sustained in the long run without the kind of broad support from local governments and constituent groups that will emerge from a regional boundary conversation that local governments are open to having.

No matter what the nature of the regional boundary, urban growth patterns in any given metropolitan region are inevitably the result of *many* policy tools, not just one. Indeed, it is our view that metropolitan growth is shaped in large part by at least three different sets of public policy tools:

- infrastructure investment policy (including sewer, water, and transportation);
- open space protection programs and public land ownership; and
- local land-use planning policies.

These three sets of policies play a major role in shaping metropolitan growth in every U.S. metropolitan area. Whether or not the region and its local governments use these three policies consciously, all three policies are in place and play a role in shaping growth patterns. The location and size of infrastructure investments creates a "pull" factor, attracting urban growth to areas where capacity exists. Publicly owned land and protected open space exercise a "push" factor, deflecting growth from locations where it might otherwise be viewed as desirable by the market. And local land-use planning policies organize urban growth patterns around those push and pull patterns through decisions about density and scale of development in areas where growth is likely to occur given these other factors (Pendall et al,2002).

Thus, it is our view that metropolitan growth is driven by many policy tools, not just one, and the regional conversation about what those tools are and how they should be used—the "buy-in" about how metropolitan growth should be managed—is a critical factor in the development and implementation of any successful regional growth strategy.

A. Infrastructure Investment Policy

Of the three policy levers discussed above, infrastructure investment policy has been most frequently viewed by researchers and policy analysts as the tool most directly shaping the location of urban growth within metropolitan areas, creating centralized and often linear systems that provides urban growth opportunities.

In this context, transportation networks are generally cited as the key infrastructure component shaping metropolitan growth. There is little question that transportation investments have an enormous and high profile influence on shaping metropolitan growth, but other infrastructure types have been significantly, if less prominently, important.

In many metropolitan areas, for example, the upgrade of wastewater treatment facilities through the use of federal funds had an enormous impact on metropolitan growth patterns. The goal of this federal investment was to improve water quality—a goal that was largely achieved through that investment. But by pursuing a "place-blind" approach to wastewater treatment, these upgrade efforts sometimes encouraged urban sprawl by connecting remote or undeveloped areas on the metropolitan fringe to the regional wastewater treatment system. This was a particular problem in metropolitan areas with modest population growth such as Rochester, NY (Pendall et al, 2001). In many other metropolitan areas, policies related to the connection to public water and sewer systems have served as the basis of orderly urban growth, even if that growth has not been especially compact (Levine et al,1996).

In the example of Minneapolis-St. Paul, which will be discussed in detail starting in the next section, wastewater treatment has traditionally been viewed as the regional policy tool that could be capable of driving the patterns of regional growth. The Metropolitan Council is responsible for establishing and implementing the Metropolitan Urban Service Area, or MUSA, which is the geographical area within which the council will permit connections to the regional wastewater treatment system.

B. Open Space Policy

Infrastructure investment policy focuses on the pull factor. It shapes growth by attracting it to infrastructure. Policies to protect non-urban land—perhaps best characterized simply as open space policy—hold great potential as push factors in metropolitan growth.

These policies are used to protect many different types of land, including working landscapes, recreational land, and natural land. The policy tools used vary greatly from place to place and include land-use regulations that restrict landowners to non-urban activities; the acquisition of land or development rights by public agencies or nonprofit organizations; and the deeding over of land as mitigation for specific development projects.

These policies are used in virtually every metropolitan area in the nation, often aggressively. State parks departments and land conservancies all over the nation have purchased recreational land. Working landscapes have been preserved through a wide variety of techniques, including rural zoning and purchase of development rights from farmers. Natural land has been purchased by or deeded over to the U.S. Fish & Wildlife Service and state natural resources departments, which have often engaged in restoration or enhancement work on this land.

However, these policies and tools are rarely used in a conscious manner to shape metropolitan growth, at least in a comprehensive way. Rather, these policies are usually driven by resource managers concerned with protecting or enhancing natural resources—with little concern for the pattern of metropolitan growth they are creating—or they are used in an opportunistic way by local residents or by the political process to address local concerns (Hollis 2002).

The use of open space and natural resources policy to shape growth holds the potential to create a more sustainable political agreement on which areas should be developed and which should be conserved—for several reasons. First, these policies often have a "ecosystem" basis that demands a regional orientation. Second, open space and natural resources policy provides opportunities for a broader range of government agencies and non-governmental organizations to participate in shaping metropolitan growth. Third, the use of open space and natural resources policies can be used to protect resources that are of economic or functional value to the region—recreational land, agricultural resources, mineral resources—which might otherwise be at risk.

C. Land Use And Urban Design Policy

Of course, changing the way a metropolitan region shapes the bounds of its urbanized area is only part of the solution. Equally important—but often overlooked—is the question of what goes on *inside* the boundary.

As the authors of the book *The Regional City: Planning for the End of Sprawl* put it, "It is not enough, for example, simply to draw a 'greenline' in order to protect natural resources without also changing policies inside the line to accommodate expected urban growth" (Calthorpe 2001). In other words, most of the discussion about metropolitan growth patterns has focused on the *where* part of the equation. Very little of the discussion has focused on the *what* part of the equation. But the third way of metropolitan growth management demands focus on *both* the "where" and the "what," and also on the relationship between the two.

If land use policies inside the boundary change to accommodate more growth in a responsible way, then the amount of land required for urbanization can be reduced—defusing the question of how much growth, at least to a certain extent. This change in approach also holds the potential to alter some of the seemingly intractable negative patterns inside these boundaries and increase political support among local governments and constituent groups for a more coherent and equitable regional growth policy.

This where/what discussion needs to be approached four different ways:

First, by looking at the big picture and making conscious choices about how to grow based on an understanding of the benefits and consequences of those different choices.

Second, by respecting and shaping policies around the notion that there are different types of communities with different types of urban growth that are appropriate.

Third, by recognizing that making different choices about regional growth and community change will not be possible without creating different housing and transportation choices as well.

And fourth, by putting a wide variety of tools into place to ensure that, once different choices have been made, they can be successfully implemented.

No single one of these three policy drivers—infrastructure, land use, and open space—can be expected to effectively shape metropolitan growth by itself. These three, and others, must work together—and work effectively with a set of implementing tools that have broad political buy-in within the metropolis—in order to achieve a desirable metropolitan growth pattern.

III. Regional Planning Efforts in the Twin Cities: Successfully Achieving "Managed Sprawl"

The Twin Cities metropolitan area in Minnesota has long had one of the strongest regional planning traditions in the nation. The Metropolitan Council—a regional planning agency that covers the seven main counties in metropolitan Minneapolis-St. Paul—was first created over 30 years ago. The Met Council oversees metropolitan systems for aviation, transportation, and parks and recreation, and wastewater treatment. To coordinate regional development under these systems, the Met Council prepares a development guide (called in recent years a "blueprint"), and uses a variety of implementation tools to carry out the principles in the guide.

Regional planning in the Twin Cities has never been a strictly partisan undertaking. The original proponents were moderate Republicans in the Legislature and land developers who sought to ensure efficiency in implementing the infrastructure required for growth. And one of the key players in the maturation of the Met Council was a Republican appointee, Curtis Johnson, who served as Met Council chair between 1994 and 1998 at the request of Republican Gov. Arne Carlson.

Over time, Minnesota adopted other regional planning strategies, most notably the well-known regional tax-sharing program, which was adopted in 1969.[3] Many of these efforts also strengthened the Met Council, at least on paper. The Metropolitan Reorganization Act of 1974 gave the Met Council expanded authority to coordinate regional infrastructure planning. In 1976, the Metropolitan Land Planning Act gave the Met Council power to review local infrastructure plans and require changes if they were not consistent with regional efforts. Almost 20 years later, in 1994, the Metropolitan Reorganization Act placed regional transit and waste control activities (as well as day-to-day transit operations) under the Met Council umbrella.

Other than the tax-sharing system, the best-known feature of the Twin Cities regional planning system has been the Metropolitan Urban Service Area, or MUSA. The MUSA delineates the area within which the Met Council is willing to connect to the regional wastewater treatment system. It is supposed to be large enough to accommodate demand for urban growth in the seven-county area over the next 20 years, and historically the Met Council has operated the system so that services are extended outward gradually within the MUSA.

Much of the recent debate over urban growth in the Twin Cities has focused on where the MUSA boundary is and where it should be located—essentially, how the MUSA should be used as an urban growth boundary for the metropolitan region. Observers such as Myron Orfield, a former member of the Minnesota State Legislature, have concluded that, over the years, the Metropolitan Council has not been forceful enough in constraining the MUSA, thus leading to sprawl (Orfield 1997).

Although the MUSA has been the focal point of much discussion about regional planning in the Twin Cities—partly because of the successful publication of Orfield's influential book, *Metropolitics*, in 1997—it is, in fact, only one part of a much larger system of regional planning. Part of the reason this larger system was not so well known, however, was the fact that for most of the Met Council's history, it was not considered a high priority by the Minnesota governor, who controlled the council appointments. This began to change in the Carlson administration, when the governor appointed his then-chief of staff, Curtis Johnson, as chair of the Met Council. Under Johnson's leadership, the Met Council adopted a new metropolitan development guide, or “Blueprint," in 1996.

This change continued in 1998, when newly elected Gov. Jesse Ventura officially elevated the Met Council chair to a Cabinet-level post, appointed one of the co-authors of this paper, Ted Mondale, to head the Agency. Ventura appointed the Met Council as the lead entity to head a major portion of the Governor’s agenda including smart growth and multimodal transportation.[4]

Although the 1996 Blueprint was a step in the right direction—as was the increased gubernatorial attention toward the Met Council in general—it did have several aspects that limited its effectiveness. These included the following:

[3] Under this program, 40 percent of the growth in each community's property tax base is placed in a regional pool and redistributed as a means of equalizing tax revenue regionally.
[4] Mondale had been a contender for the Democratic nomination candidate for governor in 1998.

- A growth strategy based largely on how much land should be consumed focusing on density as the main goal for new development, rather than what kind of development should be encouraged. This is one reason why so much attention was focused on where the MUSA boundary should be placed.
- A 20-year land supply based on the assumption that 95 percent of the growth would occur in developing areas. This led to a kind of "managed sprawl" approach to regional planning.
- While linkages were made between transportation and land use, the weak set of system plans could still accommodate virtually any development scenario. Plus, committee appointees that often did not share the vision limited the plans impact.

No concrete set of tools were integrated into the plan so that things actually happened "on the ground" once the Blueprint was in place.

These weaknesses could easily be overlooked if one looked at the Met Council from the perspective of its originators—the moderate Republicans and land developers who, back in the 1960s, sought to standardize development practices and permit the region to grow quickly and easily. However, the weaknesses were glaring from the perspective of the 1990s. One recent study concluded that between 1982 and 1997—a period during which the Twin Cities was growing in population faster than any other metropolitan area in the Upper Midwest—the region was consuming land at more than twice the rate of population growth (Fulton 2001).[5]

Even as the 1996 Blueprint was adopted, however, it was clear that managed sprawl—the original goal of the Met Council's creators and the inevitable outcome of the regional policies—was not going to be good enough for the region to succeed.

In addition, the Met Council's ability to effect change was hampered by two other factors that were deeply embedded into the regional planning system as it had emerged over the previous thirty years.

The first was that the council had a hostile relationship with the region's cities and a reputation for being closely tied to the Home Builders Association of the Twin Cities.[6] The second was a paradoxical combination of bureaucracy and timidity. On the one hand, Met Council often approached its relationship with the cities from a bureaucratic and regulatory standpoint—essentially, informing cities why their local plans were inadequate and did not conform to regional

[5] This conclusion, which used urbanized land data from the National Resources Inventory and census-based population estimates, covered the 11-county Metropolitan Statistical Area as defined by the U.S. Census Bureau, not just the Metropolitan Council's 7-county area. The outlying four counties are urbanized at much lower densities than the seven-county Met Council area (two persons per urbanized acre, as opposed to four persons per urbanized acre), and continued to urbanize at a much lower rate between 1982 and 1997—a difference that is probably due mostly to low-density, septic-tank development. However, the general pattern of land being urbanized at twice the rate of population growth was equally true in the seven-county Metropolitan Council area during this period.

[6] Many prominent HBA members were also Met Council appointees.

policies. On the other hand, however, the council was not perceived as a strong-minded enough to take a stand against cities or developers on issues that really counted.

The result was a regional planning system that had made some progress—and certainly achieved its original goals—but was unable to break through the inertia and lack of trust and move successfully toward a new and more relevant regional vision.

IV. Laying the Foundation for the Third Way of Regional Planning in the Twin Cities

Given the fact that the original goals of the Met Council's creators had been achieved, it was not immediately clear that the 1996 Blueprint was insufficient to take the region further. However, during this period, new information emerged about the Twin Cities that touched off a debate about how planning for the future of our metropolis should proceed.

The 1990 Census revealed that—despite the Twin Cities' reputation as a humane and livable place—the region faces many of the same urban issues and problems of sprawl that other metropolitan areas have grappled with unsuccessfully. This reality set off a major debate among policymakers around three core philosophies.

The first philosophy was pushed by the ideological right, backed by home builders and land speculators. Their argument was that the free market driving the growth in the developing area is creating prosperity, and the decline of older communities is inevitable. There is plenty of land to be urbanized, so government should not be alarmed or seek to adjust its regulations and incentives.

The second philosophy was favored by the left of the philosophical spectrum. Their approach was to advocate strict governmental limitations on land supply in order to stop sprawl and stimulate development in existing urban areas. This led to their focus on the MUSA, which they believed should be used as a strict urban growth boundary. To counteract the possibility that a restricted land supply would make housing unaffordable, these proponents of strong governmental power proposed dramatic penalties on all cities that refused to produce affordable housing.

This debate created great copy for the local press. But local mayors and moderate legislators saw the failings in both approaches.

It was clear that the right's sprawl-oriented viewpoint would lead to further decay in the core cities and that sprawl-related congestion would begin to strangle the region's prosperity (The Texas Transportation Institute found the Twin Cities—the fourth most prosperous region in America—was suffering from the third highest rate of increase in congestion.)[7]

[7] This annual report calculates, among other things, a travel time index which measures travel delay (Texas Transportation Institute 2002, Exhibit A-3).

It was equally clear that the left's approach would harm the region too. Strict urban growth boundaries were likely to accelerate the trend of development leapfrogging over the entire seven-county metropolitan area to adjacent counties, three of which are in Wisconsin. In addition, Minnesota's political landscape was shifting, and it was no longer a solidly Democratic state. This was one of many factors that increased the public's resistance toward shifting land-use authority away from local governments toward a powerful unelected regional agency.

Thus, during the 1990s—at the same time that the moderate Republican administration of Arne Carlson was creating the Blueprint described above—a coalition of legislators, mayors, regional thinkers, and urban redevelopers sought to move beyond the rigid ideological arguments described above and work toward shaping a more pragmatic third way of thinking about and dealing with these important issues. In essence, the group understood that markets are important, but that government policies have a strong role in driving the trends. The goal was to set out to develop policies and principles that would create new market choices that could help not only the urban area, but the growing communities as well. It is worth noting that thoughtful Republican legislators who were engaged in the debate thought these "market choices" would never be chosen by consumers or businesses, but acknowledged they had to be offered in response to the coalition of business and civic leaders who demanded action.

Between 1992 and 1996, this coalition helped to pass five core legislative initiatives that laid the foundation for the third way. These were:

- *The Land Recycling Act*. This act limited the liability of successor developers and property owners to clean up contaminated sites. The bill relieves these successor landowners of liability if they perform an appropriate level of cleanup and do nothing to exacerbate the current problem. Minnesota was one of the first states in the nation to address this problem, which often serves as a major obstacle to reusing urban land that has strong market potential.

- *The Metropolitan Government Reorganization Act.* Prior to this act, the Met Council was basically a planning agency with regulatory authority, but no direct control over infrastructure operations. Transit and wastewater services, both huge drivers of urban development patterns, were controlled and operated by separate agencies with separate boards and political constituencies. This act folded wastewater and transit into the Met Council

- *The Metropolitan Land Planning Act.* Prior to the passage of this law, local zoning ordinances superseded the comprehensive plan and did not require regular updates to be reviewed and approved by the Metropolitan Council. Obviously this made the comprehensive planning process irrelevant. The 1995 amendment to the law flipped the hierarchy so have comprehensive plans supersede the local ordinance and required cities and counties who have jurisdiction over township plans to submit plans for approval every ten years.

- *The Livable Communities Act.* Of these initiatives, the Livable Communities Act was the most visible debate and has had the largest impact on the region. It is a voluntary program that allows cities to negotiate housing production goals with the Met Council. If an agreement is reached, the cities are then eligible for funding totaling $12 million per year in funding in four accounts: (1) polluted land clean-up, (2) mixed-use transit-oriented development, (3) affordable housing, and, (4) planning grants for mixed use projects.

- *Airport Relocation Bill.* This legislation overturned an effort by some legislators in South Minneapolis to move the existing terminal (located in a first-ring suburb) to a site an hour and a half away from downtown Minneapolis. Instead of spending $10 billion on a new airport, this legislation calls for $3 billion to expand the existing airport, and cleared the way for the construction of the regions' first light-rail line which will open in 2004 and has spurred positive development activity in proximity to every station.

The net effect of these five bills was to put a set of tools into place for the first time that could ,and did, effect significant change "on the ground". For example:

- The Land Recycling Act, which won a prestigious Innovations in State and Local Government Award from Harvard's Kennedy School and the Ford Foundation, facilitated the cleanup of 1,000 acres of contaminated land in the first six years.

- The Metropolitan Government Reorganization Act has allowed the Met Council to leverage its resources to successfully implement mixed-use transit-oriented development around the region. This paradigm shift has proven to be very powerful and has allowed the true market to work.

- The Livable Communities Act has altered the regional debate from whether suburban cities should be forced to build affordable housing to how it gets built. Although the program was voluntary, 102 of the 104 cities targeted as prospects signed up. The result has been to prime the pump for excellent urban development projects. For example, in Burnsville, a city in Dakota County south of the Twin Cities, the Livable Communities Act provided $1.6 million to remove an old gas station and construct streets and a community plaza, thus converting a low-density suburban strip into a mixed-use gateway to the city. In St. Louis Park, a first-ring suburb just west of Minneapolis, a series of grants helped construct a mixed-use project that includes a town green, mixed-income residences, and office and retail space on a site that was formerly a vacant lot and three suburban buildings. And in St. Paul, an older central city, a grant of almost $1 million helped the city realign streets and start building a new park in order to create a whole new residential neighborhood.

- The Airport Relocation Act has created the opportunity to alter the regional development pattern dramatically. The new airport would have been a $10 billion investment that would have promoted far-flung, low-density development. The expanded airport is a $4 billion investment that will strengthen the urban core by allowing the region to successfully compete for their first light rail transit line - connecting Minneapolis to the airport and the city of Bloomington – creating a model for a modern, balanced transportation system.

Thus, during the early and mid-1990s, the foundation was laid for a different kind of regional planning—one that rejected the extreme left and right views and sought to achieve progress through a third way withan emerging toolbox that could be used to make real-life changes.

V. Bringing the Third Way to the Metropolitan Council

Legislative changes in the 1990s laid the foundation for the third way, but it still required a dramatic gubernatorial change to bring these changes to the Met Council on an operational basis. Once Ventura had signaled that the Met Council was a priority, the next step was to reform the Met Council, so that it would be transformed from an entity focused on bureaucratic regulation to a performance-based organization focused on promoting entrepreneurial efforts throughout the region.

To help accomplish this goal, a group of consultants was asked to perform an audit of the Met Council. Based on that audit, the team devised a plan to create the performance culture necessary to succeed. The performance-based approach yielded dramatic results, especially in those areas where the Met Council provides services directly to the public.

Over four years, the Met Council increased ridership in the transit system, reduced trip denials for handicapped persons from 5 percent to less than 1 percent, reduced wastewater rates, brought housing voucher utilization up to 100 percent, and instituted numerous new successful programs. This record of operational achievement was critical to gaining legislative and business support for the Met Council, and it also helped attract top experts from around the country to work at the Met Council.

Equally important as the internal movements were the efforts to improve relationships with local governments and constituencies throughout the region by establishing a series of groups and collaborations. Some of these efforts represented simple basetouching, such as the periodic meetings with the Business Roundtable and the "Core City Group," a monthly convening of urban councilmembers.

Others were task forces that undertook major policy efforts—and, in the process, built better working relationships with each other and with the Met Council. The Mayors Regional Housing Task Force was a good example of this approach. The group of 17 mayors from across the region worked collaboratively to produce two reports which contained many recommendations that the Met Council itself could never have proposed, such as a state-mandated supermajority for amending comprehensive plans.

Still others were groups convened to deal with specific topics or specific geographical areas. These included committees and task forces dealing with rural issues, with land use, with environmental policy, and with the implementation of the Livable Communities Act. This last group developed a set of principles for distributing funds that focused on breakthrough models for high-density, mixed-use development, rather than niceties such as clock towers, streetlamps, and "street jewelry." A group of eight cities in the northern suburbs formed the I-35 Corridor Group and worked subregionally with the Met Council on shared transportation and development issues. Another group worked together to coordinate growth plans along the Lower Mississippi.

In all these efforts, the Met Council adopted an "ask don't tell" policy that helped to foster collaborative partnerships with local governments and individual constituent groups, thus reversing the traditional relationship between the Met Council and Twin Cities communities.

The reorientation of the Met Council and the collaborative partners that were fostered created an immediate payoff in several critical policy areas, including land use, transportation, and housing.

Land use and transportation were linked by an important internal shift known as the "alignment policy," which sought to align planning decisions across a wide range of topics over which the Met Council had authority, including transit, roads, airports, wastewater, and parks. Traditionally, planning decisions in these different domains had been carried out by separate planning units. But the Public Strategies Group audit pointed out that these different entities all had different opinions on the same subject. This problem caused distrust among both local governments and the legislature.

Under the alignment policy, planning decisions were made by a central planning unit, which held weekly meetings with the different entities, including the engineers. This permitted everyone to express their concerns and reach a practical consensus.

The alignment policy had its greatest impact in the area of creating market-based development around transportation projects, where two critical policies emerged.

The first was to "flex" federal transportation dollars to transit, pedestrian, redevelopment, and similar projects that fit within federal transportation funding criteria. The second was to set aside $4 million a year for transportation projects that support the development of affordable housing and include housing performance as a ranking criteria for federal transportation funding.

The Met Council's new approach also permitted the agency to undertake two new programs administratively that increased affordable housing production. The first was the Family Affordable Housing Program, which sought to help implement Minnesota's *Hollman* decree.[8] Most regions are leaving significant federal housing dollars "unspent because of their reluctance to site affordable housing projects in suburban communities. The Met Council's HRA went into some of the most

[8] In 1992, the Minnesota Legal Aid Society and the NAACP sued the City of Minneapolis over an alleged over-concentration of public housing. In 1995, the parties signed a consent decree in the case—*Hollman v. Cisneros*—calling for a series of dramatic policy changes to reduce concentration of poverty.

affluent suburbs in the Twin Cities (such as Edina and Minnetonka), purchased land, and sited 150 units.[9]

These programs further expanded the toolbox available to the Met Council and to local governments in the Twin Cities region. But it was still necessary to improve on the foundation created by the 1996 Blueprint. This improved foundation eventually led to Blueprint 2030, which will be discussed in the next section. But before Blueprint 2030 could be crafted, several precursor efforts were required to begin rethinking the way growth in region might be managed. These efforts focused on redefining the big-picture growth patterns along the lines of the three major policies outlined at the beginning of this paper.

One was the Smart Growth Twin Cities Project. As part of this regional visioning effort, the Met Council convened regional political and civic leaders and reached out to a broad base of citizens. The goal was to address not only *where* growth would occur in the region, but also what the nature of that growth would be in the locations where it did occur. In this way, Smart Growth Twin Cities sought to transcend the polarizing debate about where the MUSA should be located.

Another was an innovative partnership between the Met Council and the Minnesota Department of Natural Resources in creating the Natural Resources Inventory and Assessment, which has identified the critical natural lands in the Twin Cities region in a comprehensive fashion for the first time. The result of this effort is the first-ever "green infrastructure" map of the Twin Cities region.

Out of these efforts came a different vision of how to grow, and a different idea of how to use the three major policy levers—local land use, infrastructure, and open space—to achieve that vision.

For example, as a result of Smart Growth Twin Cities, the Met Council and the local governments shifted from a strategy of growing in concentric circles (using the MUSA line to define those circles) to growing in a "nodes-and-corridors" approach that calls for higher densities and a mix of uses in different types of centers, including downtowns and community centers.

Additionally, this process helped the regional leaders address the fact that the MUSA policy had failed in one important sense—by encouraging extremely low-density residential development (typically characterized by -two-and-one-half-acre lots) beyond the MUSA line that were served by septic systems rather than the regional wastewater treatment plants. The "rural growth center" policy, which was later embedded in Blueprint 2030, permitted some rural communities to work with the Met Council to voluntarily agree to development guidelines and affordable housing targets—and use the "nodes and corridors" approach to development as well.

[9] The Met Council also established a program to waive the regional sewer access charge for affordable housing projects—the fee charged to connect to the regional system—if the local government also waives its access fee and other charges.

Finally, the green infrastructure map prepared jointly by the Met Council and the Minnesota Department of Natural Resources helped build political support for an open space policy that would shape and direct urban growth in a way that is more politically acceptable than the MUSA. This too formed the basis of a new regional vision eventually included in Blueprint 2030.

All these incremental changes allowed the Twin Cities region to move toward a different growth pattern even before the adoption of Blueprint 2030. For example, even though the region's traditional development guides had called for accommodating a maximum of 5 percent of new growth by reinvesting in older areas, as of 2002 the actual reinvestment figure was more than 20 percent of new growth. And, as the next section will explain, these incremental changes—and the demonstrable successes they created—helped build enduring political support for Blueprint 2030.

VI. BLUEPRINT 2030: A FRAMEWORK FOR THE THIRD WAY

The new tools provided by the legislature, the reorientation of the Met Council as an organization, and the various collaborative efforts all helped to move the region forward. But a new overarching vision for the region was still required. This vision eventually emerged in "Blueprint 2030," the updated development guide that was adopted by the Met council in December 2002. Blueprint 2030 seeks to bring several policy tools together for the first time in creating a metropolitan growth policy that permits flexibility and experimentation while at the same time providing a better change at long-term economic and political sustainability. (2002)

Blueprint 2030 specifically addresses the problems created by the region's greater-than-expected population growth, which was revealed in the 2000 Census. When these new population trends were built into projections out to the year 2030, it became clear that the Met Council had to plan for some 75,000 additional households than was previously anticipated. In so doing, Blueprint 2030 builds on the new policies and collaborations that emerged during the 1990s, putting together the pieces of the puzzle and using the three policy drivers of regional planning in a way that is both proactive and politically sustainable.

Blueprint 2030 does not eliminate the use of the MUSA's "hard boundary" as an important policy tool in shaping metropolitan growth. Rather, it balances the MUSA with many other policy tools in recognizing that a variety of regional issues require a variety of regional approaches.

The most significant conceptual change in Blueprint 2030 is its emphasis on the pattern of growth rather than the amount. Rather than simply cataloguing the amount of available land and the likely need, Blueprint 2030 distinguishes among six different types of communities and planning areas in the region and sets specific targets for new growth and reinvestment in each area.

By setting ambitious reinvestment targets and distinguishing among different types of communities, Blueprint 2030 consciously seeks to broaden the growth policy discussion by reframing two familiar policy debates in the region. The first is to place a renewed focus on the protection of natural resources and consciously use those efforts as a way to shape growth patterns in the region. The second is to move beyond debate over the amount of growth and the location of the MUSA line, and focus in addition on the land use patterns—and the land use-transportation connections—inside the boundary as well. These two issues will be discussed in the next two sections.

A. The Big Picture

One of the most important things any metropolitan region can do is step back and assess the impact that future growth is likely to have on the region as a whole by using a kind of "bird's eye view" approach to future alternatives. By providing citizens and regional leaders with the basic tools they need to examine future growth and create alternatives, the scenario approach can help forge consensus on what the big picture should look like. This is the approach that proved critical in creating regional consensus around a compact-development alternative in metropolitan Salt Lake City as part of the "Envision Utah" process.

The scenario approach typically begins by consolidating all existing local development plans into one composite scenario for future growth in the region. In most metropolitan areas, this composite will include large chunks of low-density, auto-oriented suburban development, as this is what most suburban and exurban communities have planned for in recent decades. Other scenarios that emerge from a workshop exercise typically include a variety of more compact development alternatives that can reduce both auto orientation and consumption of significant natural and resource land in the region.

Blueprint 2030 is based on the results of a scenario-testing exercise conducted as part of Smart Growth Twin Cities. In addition to the current plans scenario, workshops with regional leaders created two other scenarios which focused on reinvesting in existing areas, creating walkable developments and clustering rural development to preserve natural land,.

As in Salt Lake City, the results of the different scenarios in the Twin Cities region were dramatic. The compact development scenarios accommodated the same population increase (almost 600,000 persons) but did so on far less land—85,000 acres to 100,000 acres rather than 180,000 acres for the current plans scenario. Agricultural land was protected accordingly.

Most significantly, the compact scenarios were significantly less expensive in terms of infrastructure cost. Whereas the infrastructure cost of the current plan scenario was about $21 billion, the infrastructure cost of the compact development scenarios were both in the vicinity of $18 million — a $3 billion savings, principally by saving on the cost of local roads, water systems, and sewer systems.

The scenario-testing exercise provided a strong basis for the Met Council to shape Blueprint 2030. In the end, Blueprint 2030 used many of the most important concepts that emerged from the scenario-testing exercise, including:

- A "centers and corridors" strategy that identifies growth centers and growth corridors throughout the region based on criteria such as the ability to create transit-friendly and walkable neighborhoods and the ability to protect agricultural and natural land.

- A goal that 30 percent of all future growth should take place in already urbanized areas, called "reinvestment" areas by Blueprint 2030.

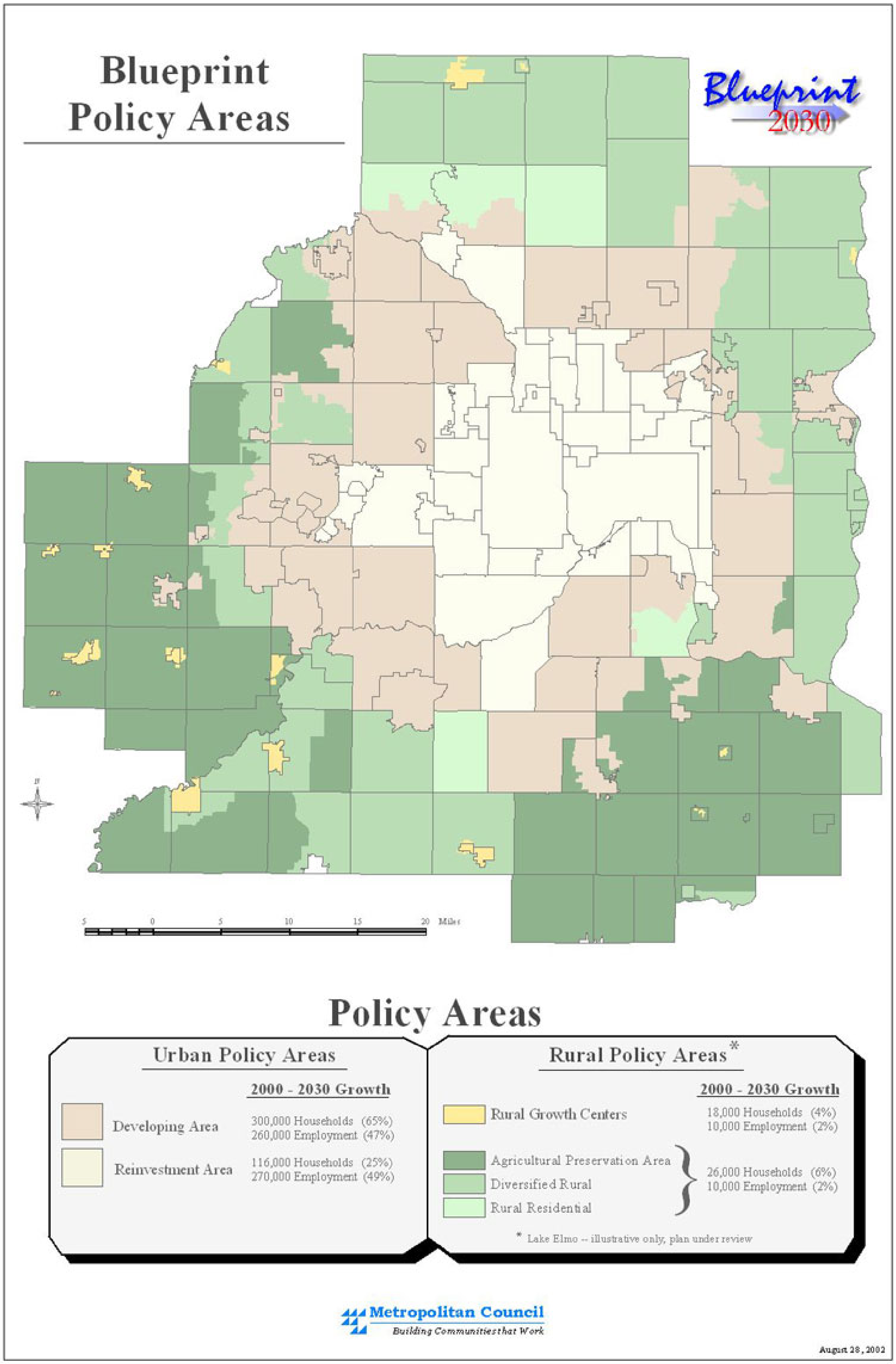
- A strategy that permitted some growth in rural areas but sought to concentrate that growth in "clusters"—existing and new rural development areas where people and jobs could be accommodated without overwhelming the existing settlement but, at the same time, without unnecessarily using prime agricultural or natural resource land.

B. Acknowledging Community Differences

Another characteristic of the third way of metropolitan growth management is that it can take account of the different character of existing communities. Many attempts to shape regional growth through the use of blunt instruments such as boundaries simply assume that all land inside the boundaries will be developed, and these efforts do not always take into account the different texture and character of existing communities.

This is part of the reason why local governments often resist regional planning efforts. They fear that their communities will not only be forced to take more growth than they anticipate, but also that this growth will be *homogenous*—perhaps higher density but still auto-oriented, thus consuming open space and creating congestion without respecting the nature and texture of local communities.

Blueprint 2030 is the first regional plan with a Smart Growth orientation that respects and encourages differentiation among existing communities. Under Blueprint 2030, most growth would be directed into the Developed Communities and Developing Communities categories. Rural sections are divided into four different types of areas: Rural Growth Centers, Agricultural Preservation Areas, Diversified Rural Communities, and Rural Residential Areas. Generally speaking, Blueprint 2030 calls for more new growth to be channeled into existing communities — urban, suburban, and rural — and also calls for that growth to be more "centered" and compact wherever it occurs.



Blueprint
Policy Areas
Blueprint 2030
5 0 5 10 15 20 Miles
Policy Areas
Urban Policy Areas
2000 - 2030 Growth
Developing Area
300,000 Households (65%)
260,000 Employment (47%)
Reinvestment Area
116,000 Households (25%)
270,000 Employment (49%)
Rural Policy Areas*
2000 - 2030 Growth
Rural Growth Centers
18,000 Households (4%)
10,000 Employment (2%)
Agricultural Preservation Area
Diversified Rural
Rural Residential
26,000 Households (6%)
10,000 Employment (2%)
* Lake Elmo -- illustrative only, plan under review
Metropolitan Council
Building Communities that Work
August 28, 2002

Under Blueprint 2030, *Developing Areas*—that is, the suburban areas planning for a large amount of new growth—would receive approximately 65 percent of all new household growth and 49 percent of all new job growth in the region.

Perhaps the most ambitious goal in Blueprint 2030 is the goal for *Developed Areas* which, under the 1996 Blueprint, were slated to take only 5 percent of the total growth in the region through 2020. The goal of Blueprint 2030 is to increase that figure to 25 percent, focusing especially on high-density residential projects (8-30 units per acre) along transit corridors in existing centers. Since 2000, 28 percent of new housing permits were in these Developed Areas, a fact the authors believe will be sustained over time and certifies the success of the overall policy approach.

Virtually all of the remaining growth would occur in *Rural Growth Centers*, which are small, full-service nodes that hold the potential to accommodate more growth in a compact and efficient manner. The other three types of rural areas would have different types of growth, and the Met Council would continue to use its MUSA authority to encourage specific types of growth patterns in these areas.

Rural Residential Areas would include those areas that are currently developed at low densities (no more than one unit per two acres) and have no plans to shift to urban infrastructure such as wastewater treatment. The focus on these areas will be to limit additional development, protect natural resources, and identify opportunities to provide local service centers to assist local residents.

Agricultural Preservation Areas would include large and contiguous areas currently planned and zoned to remain in agriculture. Since the local communities have already signaled their intent to retain these areas in agriculture, the Met Council would use its policies to support that decision.

Finally, the remaining rural land would be designated as *Diversified Rural Areas*, which would accommodate a limited amount of large-lot development but would focus primarily on limiting development, conserving natural resources, and maintaining the agricultural areas that still exist in these settings.

These designations recognize that different communities have different character and will play different roles in the future of the region. It realistically recognizes that most new growth will still occur on "greenfield" sites, though it sets an ambitious goal for reinvestment. Not all suburban- or exurban-style development will be eliminated. Some large-lot septic-driven subdivisions would still be permitted; and a rural village lifestyle in exurban communities would be encouraged in the future, more so than is permitted under current plans.

C. Different Housing and Transportation Choices

In many ways, the debate about managing metropolitan growth is really a debate about whether and how to provide different choices about housing and transportation. It may seem like a smart growth cliché to say so, but most metropolitan development today still revolves around large-lot single-family homes and single-occupancy automobile use. Yet this combination of choices—which freed people from congested central cities a half-century ago—now isolates most metropolitan residents and places a considerable burden both on families and on the public sector. Not only is the cost of auto travel and ownership high, but most people find that they have limited housing choices near their jobs, which are often located in older (and sometimes affluent) suburbs.

Wherever and however new growth occurs, clearly it must provide more housing and transportation choices, and make closer connections between new housing, new jobs, and new transportation investments. This connection has already been made abundantly clear by the experience in Portland, where both citizens and government officials have focused on strengthening public transit corridors and focusing new development along those corridors.

In the Blueprint 2030 proposal, the Met Council seeks to take the same approach, by creating more transportation alternatives in both developing areas and reinvestment areas, and by encouraging focused development in centers and corridors throughout the region. These strategies too will be different for different types of growth areas. For example, developing areas will see a focus on creating of a variety transportation alternatives up-front. Reinvestment areas will see a focus on strategic upgrading investments (including some arterial expansions) and on identifying transit centers as development opportunities. Rural growth centers will see a focus on creating a complete and interconnected street system.

Blueprint 2030 also provides guidance in approaching housing differently as well. Despite the fact that the Twin Cities population and number of households has grown measurably—as has household income—housing product has remained relatively flat. In fact, fewer housing units were built in the 1990s than in the 1970s, even though population growth was higher.

Thus, housing production must be increased, but—just as important—a more varied housing supply must provided as well, particularly affordable (below-market) housing for those who cannot compete in the housing market, and "lifecycle" housing for those who are younger and older and may not want—or can't afford—the traditional suburban single-family house. These strategies fit in well with efforts to concentrate development, both jobs and housing,— in reinvestment areas and transit corridors, where land is available for different types of housing, if not for the traditional single-family home.

Most new visions such as Blueprint 2030 do not have much of an impact immediately. But by building on all the incremental changes of the 1990s, Blueprint 2030 was able to take advantage of the existing tools that were already effecting change on the ground—as well as the political support for those changes that had emerged from the many collaborations built during the '90s as well.

For this reason, Blueprint 2030 has already survived the 2002 political transition better than expected. Ventura did not run for re-election in 2002. The Democrats—the leading advocates for stronger regional planning—were wiped out in the state level elections. Republican Tim Pawlenty won the gubernatorial race easily. Republicans now hold a 52-seat majority in the House, and Democrats barely retained control of the Senate.

Yet all of the smart growth initiatives survived in localities throughout the region. In addition, the new administration has defended much of the Met Council's work against attack, and has openly opposed two bills that would limit the Met Council's authority on land use matters. In a recent speech, the new chair, Peter Bell, stated that changes in policies will be “evolutionary, not revolutionary”. The new council appears to favor more investment in developing suburbs rather than the developed area and are looking to abandon much of the smart growth language in the Blueprint 2030. However, local leaders understand and support this new direction and are bought in to applying the principal outlined in this paper to the core drivers of growth in a way that they believe will most benefit their community and the region.

VII. CONCLUSION

Shaping a metropolitan region is not an easy task, and there is no one formula for doing it well. By using a variety of tools, metropolitan leaders in the United States can seek not only to overcome local resistance, but also to recognize the interconnections between different parts of the region.

Regional infrastructure policy can be an extremely powerful tool in shaping metropolitan growth if it is carefully crafted and judiciously applied. But the chances of success will increase if it is used in combination with other tools such as open space policy and the land use-transportation connection.

Together, the regional infrastructure system and the regional open space system represent the "human" and "natural" spine of a region. They must work together for the region to work well. Similarly, policies outside the metropolitan region's boundaries and policies inside those boundaries must work in tandem too. The pressure for urbanization outside the boundary depends in large part on the way the region uses land and resources inside the boundary. In this regard, the Portland experience is very instructive. The Urban Growth Boundary created an opportunity for a different set of land use and transportation connections inside the boundary, but it was only through intelligent activism and advocacy inside the boundary that true changes began to occur.

This more pragmatic third way of managing metropolitan growth is not without its critics. Before it was passed, Blueprint 2030 received criticism from many local governments—especially in rural areas—which feared they would receive more growth than they wanted. The blueprint was also criticized by a coalition of activist groups who sought to establish a "hard boundary" approach to regional planning. Yet the range of this criticism may also suggest that the third way represents middle ground—a way to approach metropolitan growth that respects the role of the market, home rule, and regional policy tools all at the same time.

The Twin Cities experience suggests that to implement a successful and sustainable growth strategy, business, government and civic leaders should ignore the simplistic and counterproductive arguments advanced by the political extremes and focus on the key drivers of growth and consider the four principals that helped to create the successful Twin Cities Regional Growth Model.

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